Abstract of the Disclosure

A system and method capable of automatically rebalancing financial portfolios to optimality, are disclosed. Using stored customer-defined optimization data, the system determines if the current portfolio is imbalanced beyond a customer-defined tolerance level and if so, it transmits a "rebalancing-needed" alert message and a list of recommended rebalancing transactions via customer-defined communications methods. The customer reads the message and decides if he wishes to authorize portfolio rebalancing. To authorize portfolio rebalancing, the customer merely responds to the alert message. In a preferred embodiment, the customer's response may constitute performing a single action, such as pressing a button or speaking a sound. After the authenticity of the received customer response is verified, the system implements the customer's single response by transmitting execution instructions to an electronic trading system, which in turn executes the rebalancing transactions to optimize the portfolio.

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